

NM OIL CONSERVATION
ARTESIA DISTRICT

JAN 16 2018

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

RECEIVED State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit Original
to Appropriate
District Office

GAS CAPTURE PLAN

Date: 10/17/2017

☐ Original Operator & OGRID No.: OXY USA Inc. - 16696
☐ Amended - Reason for Amendment:

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomple to new zone, re-frac) activity.

Note: A C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule (Subsection A of 19.15.18.12 NMAC).

Well(s)/Production Facility – Name of facility

The well(s) that will be located at the production facility are shown in the table below.

| Well Name | API | Well Location (ULSTR) | Footages | Expected MCF/D | Flared or Vented | Comments |
|--------------------------------------|---------|--------------------------|---------------------|----------------|------------------|----------|
| Corral Canyon 36-25 Federal Com #21H | Pending | Lot 3, Sec 1, T25S, R29E | 381 FNL 1493 FWL | 3200 | 0 | |
| Corral Canyon 36-25 Federal Com #22H | Pending | Lot 3, Sec 1, T25S, R29E | 381 FNL 1528 FWL | 3200 | 0 | |
| Corral Canyon 36-25 Federal Com #23H | Pending | Lot 3, Sec 1, T25S, R29E | 381 FNL 1563 FWL | 3200 | 0 | |
| Corral Canyon 36-25 Federal Com #24H | Pending | Lot 1, Sec 1, T25S, R29E | 940 FNL 1283 FEL | 3200 | 0 | |
| Corral Canyon 36-25 Federal Com #25H | Pending | Lot 1, Sec 1, T25S, R29E | 940 FNL 1248 FEL | 3200 | 0 | |
| Corral Canyon 36-25 Federal Com #26H | Pending | Lot 1, Sec 1, T25S, R29E | 940 FNL 1213 FEL | 3200 | 0 | |

Gathering System and Pipeline Notification

Well(s) will be connected to a production facility after flowback operations are complete, if gas transporter system is in place. The gas produced from production facility is dedicated to ETC Texas Pipeline, LTD ("ETC") and will be connected to ETC's high pressure gathering system located in Eddy County, New Mexico. It will require 60,000' of pipeline to connect the facility to the high pressure gathering system. OXY USA WTP Limited Partnership ("OXY") provides (periodically) to ETC a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, OXY and ETC have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at ETC's Orla Processing Plant located in Reeves County, Texas. The actual flow of the gas will be based on compression operating parameters and gathering system pressures.

Flowback Strategy

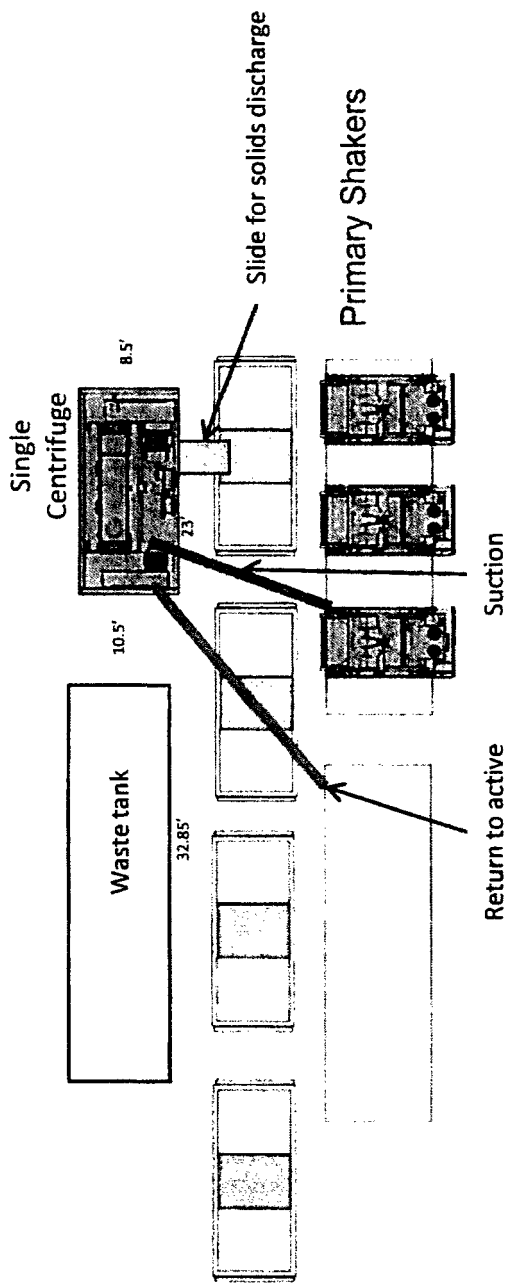
After the fracture treatment/completion operations, well(s) will be produced to temporary production tanks and gas will be flared or vented. During flowback, the fluids and sand content will be monitored. When the produced fluids contain minimal sand, the wells will be turned to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on ETC system at that time. Based on current information, it is Operator's belief the system can take this gas upon completion of the well(s).

Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

Alternatives to Reduce Flaring

Below are alternatives considered from a conceptual standpoint to reduce the amount of gas flared.

- Power Generation – On lease



Oxy Single Centrifuge
Closed Loop System – New
Mexico Flex III
May 28, 2013